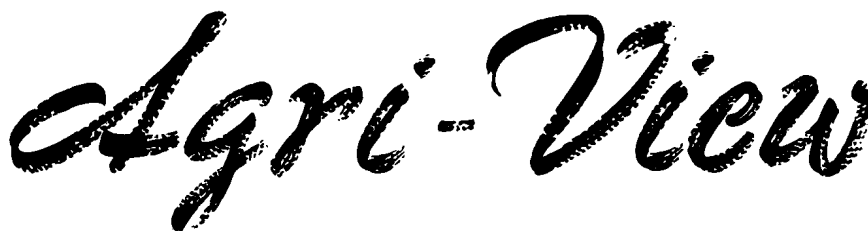


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2004 FINAL CORN YIELD & PRODUCTION AT NEW RECORD HIGHS

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IN THIS ISSUE:

**DECEMBER
CROP/STOCKS**

**JANUARY
POTATO
STOCKS**

**ANALYSIS OF
GRAIN STOCKS
REPORT**

**DECEMBER
MILK
PRODUCTION**

TURKEYS

Minnesota's 2004 Corn production at a record 1.12 billion bushels was up 3 percent from the November 1 forecast and up 7 percent from the previous record high production set in 2002. A record yield at 159.0 bushels per acre was up 2 bushels from the previous record high set in 2002.

Soybean production was estimated at 236.2 million bushels, down 4 percent from the November 1 and down 1 percent from last year. The final yield was estimated at 33.5 bushels per acre, which was down 10.0 bushels from the record high in 2002 and up 1.5 bushels from last year. Soybean harvested acres, at 7,050,000 acres, were down 400,000 acres from last year.

Spring Wheat production was estimated at 88.6 million bushels, down 15 percent from last year. Acres harvested for grain was 1.61 million acres, down 190,000 acres from last year. A yield at 55 bushels per acre was down 3 bushels from the record high of 58 bushels last year.

The Sugarbeet production of 9.8 million tons was down 2 percent from last year's record of 10 million tons. Yield was estimated at 20.9 tons per acre, up 0.3 ton from last year, but down 0.6 ton from the record high of 21.5 set in 2000. Sugarbeet harvested acres were 470,000 acres, down 17,000 from last year.

Forage production of 6.7 million tons was up 9 percent from 6.1 million tons last year. Yield was estimated at 3.14 tons per acre, up from 2.70 tons per acre. Forage harvested acres were 2,125,000 acres, down 140,000 from last year.

MINNESOTA CORN AND SOYBEAN STOCKS UP FROM LAST YEAR

The Minnesota December 1, 2004 Grain Stocks Survey results estimated, CORN stocks in all positions at 1.03 billion bushels were up 16 percent from last year. On-farm stocks at 790 million bushels accounted for 76 percent of the total.

Soybeans stored in all positions at 210.5 million bushels were up 27 percent from December 1, 2003. On-farm storage of 140 million bushels accounted for 67 percent of the total.

All Wheat stocks in all positions at 81.8 million bushels were down 5 percent from 2003. On-farm stocks at 58 million bushels accounted for 71 percent of the total.

Barley stocks in all positions at 27.5 million bushels were up 10 percent from a year earlier. On-farm stocks at 4.5 million bushels made up 16 percent of the total.

Oat stocks in all positions at 19.6 million bushels were 30 percent below a year earlier. On-farm stocks at 7.2 million bushels, accounted for 37 percent of the total.

U.S. HIGHLIGHTS

Corn stocks in all positions on December 1, 2004 totaled 9.45 billion bushels, up 19 percent from December 1, 2003. This is the highest December 1 stocks level since 1987. Of the total stocks, 6.14 billion bushels are stored on farms, up 16 percent from a year earlier. Off-farm stocks, at 3.30 billion bushels, are up 24 percent from a year ago. The September - November 2004 indicated disappearance is 3.32 billion bushels, compared with 3.22 billion bushels during the same period last year.

Soybeans stored in all positions on December 1, 2004 totaled 2.30 billion bushels, up 36 percent from December 1, 2003. This is the largest December 1 stocks level on record, exceeding the previous record set in 2001 by 1 percent. Soybean stocks stored on farms totaled 1.30 billion bushels, up 59 percent from a year ago and set a new record high by 5 percent. Off-farm stocks, at 1.00 billion bushels, are up 16 percent from last December. Indicated disappearance for September - November 2004 totaled 949 million bushels, up 1 percent from the same period a year earlier.

All Wheat stored in all positions on December 1, 2004 totaled 1.43 billion bushels, down 6 percent from a year ago. On-farm stocks are estimated at 531 million bushels, up 8 percent from last December. Off-farm stocks, at 900 million bushels, are down 13 percent from a year ago. The September - November 2004 indicated disappearance is 508 million bushels, down 2 percent from the same period a year earlier.



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MINNESOTA & U.S. HARVESTED ACRES, YIELD, AND PRODUCTION

COMMODITY	2003 HARVESTED ACRES (000)	2004 HARVESTED ACRES (000)	2003 YIELD	2004 YIELD	2003 PRODUCTION (000)	2004 PRODUCTION (000)
MINNESOTA						
CORN FOR GRAIN (Bu)	6,650	7,050	146.0	159.0	970,900	1,120,950
SOYBEANS (Bu)	7,450	7,050	32.0	33.5	238,400	236,175
SPRING WHEAT (Bu)	1,800	1,610	58.0	55.0	104,400	88,550
BARLEY (Bu)	170	115	75.0	68.0	12,750	7,820
OATS (Bu)	265	190	71.0	70.0	18,815	13,300
SUGARBEETS (Ton)	487	470	20.6	20.9	10,032	9,823
DRY BEANS 1/	110	100	1,700	1,150	1,870	1,150
CANOLA (Lb)	56	32	1,820	1,500	101,920	48,000
OIL SUNFLOWERS (Lb)	54	28	1,650	1,200	89,100	33,600
NON-OIL SUNFLOWERS (Lb)	34	25	1,550	920	52,700	23,000
ALFALFA HAY (Ton)	1,375	1,350	3.00	3.50	4,125	4,725
OTHER HAY (Ton)	700	650	1.60	1.80	1,120	1,170
ALFALFA HAYLAGE 2/	300	200	5.40	7.20	1,620	1,440
ALL ALFALFA FORAGE 3/	1,525	1,450	3.23	3.75	4,926	5,437

UNITED STATES

CORN FOR GRAIN (Bu)	70,944	73,632	142.2	160.4	10,089,222	11,807,217
SOYBEANS (Bu)	72,476	73,958	33.9	42.5	2,453,665	3,140,996
SPRING WHEAT (Bu)	13,441	13,174	39.5	43.2	531,402	568,918
BARLEY (Bu)	4,727	4,021	58.9	69.4	278,283	279,253
OATS (Bu)	2,220	1,792	65.0	64.7	144,383	115,935
SUGARBEETS (Ton)	1,347.8	1,306.7	22.8	22.9	30,710	29,932
DRY BEANS 1/	1,346.9	1,219.3	1,670	1,460	22,492	17,799
CANOLA (Lb)	1,068	828	1,416	1,618	1,512,250	1,339,530
OIL SUNFLOWERS (Lb)	1,874	1,424	1,206	1,237	2,259,666	1,761,628
NON-OIL SUNFLOWERS (Lb)	323	287	1,256	997	405,560	286,235
ALFALFA HAY (Ton)	23,529	21,707	3.24	3.47	76,273	75,383
OTHER HAY (Ton)	39,854	40,209	2.04	2.05	81,312	82,391

1/ Yield in lb; production in cwt. 2/ Yield & Production (ton) in green weight basis. 3/ Yield & Production (ton) in dry weight basis (13% moisture).

MINNESOTA & U.S. GRAIN STOCKS, DECEMBER 1

COMMODITY	ON FARM		OFF FARM		TOTAL ALL POSITIONS		% CHANGE PREVIOUS YEAR
	2003	2004	2003	2004	2003	2004	

-1,000 BUSHEL-
MINNESOTA

CORN	710,000	790,000	182,664	243,897	892,664	1,033,897	+16
SOYBEANS	91,000	140,000	74,924	70,503	165,924	210,503	+27
ALL WHEAT	59,000	58,000	27,281	23,787	86,281	81,787	-5
BARLEY	4,800	4,500	20,295	22,985	25,095	27,485	+10
OATS	9,700	7,200	18,330	12,435	28,030	19,635	-30
HAY 1/	3,567	4,127	--	--	--	--	+16

UNITED STATES

CORN	5,286,000	6,144,000	2,667,775	3,304,798	7,953,775	9,448,798	+19
SOYBEANS	820,000	1,300,000	868,653	1,004,880	1,688,653	2,304,880	+36
ALL WHEAT	491,925	531,020	1,028,359	899,718	1,520,284	1,430,738	-6
BARLEY	97,200	130,700	100,679	115,476	197,879	246,176	+24
OATS	64,400	60,400	54,900	44,563	119,300	104,963	-12
HAY 1/	111,027	114,294	--	--	--	--	+3

1/ 1,000 tons

MINNESOTA POTATO STOCKS 6 PERCENT BELOW 2004 LEVEL

January 1 Stocks: Minnesota's fall potatoes in storage totaled 11.6 million hundredweight, 6 percent below the January 1, 2004 level. The breakdown of January 1, 2005 stocks by type indicate 9% red, 5% white and 86% russet.

Stocks in Area 1 totaled 3.2 million hundredweight, down 3 percent from 2004 and stocks in Area 2 totaled 8.4 million hundredweight, down 8 percent from 2004.

MINNESOTA FALL POTATO STOCKS

Type	Jan. 1, 2004		Jan. 1, 2005	
	Stocks 2003 Crop (000) Cwt	Percent of Total Stocks	Stocks 2004 Crop (000) Cwt	Percent of Total Stocks
Red	1,500	12	1,040	9
White	600	5	580	5
Russet	10,300	83	9,980	86
Total	12,400	100	11,600	100

MINNESOTA FALL POTATO STOCKS BY REGION

Region 1/	Jan. 1, 2004		Jan. 1, 2005	
	Stocks 2003 Crop (000) Cwt	Percent of Total Stocks	Stocks 2004 Crop (000) Cwt	Percent of Total Stocks
MN Area 1	3,300	27	3,200	28
MN Area 2	9,100	73	8,400	72
State Total	12,400	100	11,600	100

1/ Minnesota Area 1 includes the following counties: Kittson, Roseau, Lake of the Woods, Marshall, Beltrami, Pennington, Polk, Red Lake, Mahnomon, Norman, Clearwater, Clay, Becker and Wilkin counties. Minnesota Area 2 includes all remaining counties in the State.

Analysis of January 12, 2005 Grain Stocks Report

The January 12, 2005, release of Grain Stocks contains the following highlights: The stocks of Corn as of Dec. 1, 2004, was reported at 9.45 bil. bu., up 19% from the previous report, 6.14 bil. bu. were stored on farms, while 3.30 bil. bu. was stored in elevators. This is the highest stock level for this report date since 1987. The stocks of corn in Minnesota were 1.033 bil. bu., of which 790 mil. bu. were stored on farm and 243.9 mil. bu. in off-farm locations. Corn disappearance for the September to November period was 322 mil. bu., up from the 3.12 bil. bu. last year. This slight increase will translate into greater use. The stock's report will affect the overall supply and demand for corn by increased stocks and changed usage which will in turn affect the ending stocks. Ending stocks are directly related to average annual prices for corn. The grain stock's report contains information on feed and residuals use which is not reflected in other reports such as exports released weekly. The changes in supply contain a revision of the crop size and carryin for this marketing year beginning Sept. 1. The average yield is now 160.2 bu./acre which when multiplied by 73.4 mil. acres and 958 mil. bu. of carryin stocks gives a total supply of 11.741 bil. bu. adding 15 mil. bu. of imports to this total gives a total supply of 12.714 bil. bu. On the use side, feed and residual use are projected at 6.075 bil. bu., up from 5.8 bil. bu. in 2003/04; food, seed and industrial use is estimated at 2.795 bil. bu., up from 2.555 bil. bu. in 2003/04. Exports are projected to be lower at 2.00 bil. bu., down from 2.05 bil. bu., mainly due to foreign competition. Ending stocks are now estimated to be 1.844 bil. bu., up significantly from the 806 mil. bu. of 2003/04. The higher level of stocks will have a price depressing effect. The stocks to use ratio is now about 17.9 %. USDA has projected an average price range of \$1.80 - \$2.40/bu. With increases in the high and low ends of this range. Using an Excel template which forecasts prices by futures and fundamental forecasts, it appears that the average fundamental forecast is \$2.31/ bu. While the futures price forecast adjusted for local basis is \$1.86/bu. It is noteworthy that a significant amount of grain was contracted this year which will affect the total amount available to market and perhaps have a price enhancing effect if demand increases. The average corn basis is between \$.30 and \$.40 historically, although the trend is toward narrower basis level.

The stocks of soybeans reported in the Jan. 12, 2005, grain stocks report were 2.30 bil. bu, up 36% from last year, of which 1.30 bil. bu. were stored on farm and 1.00 bil. bu stored off farm. The amount stored on farm is up 59%, while off farm storage is up 16%. Minnesota stocks of soybeans are 290.503 mil. bu, of which 140 mil. bu. were stored on farm and 70.503 mil. bu. stored off farm. Disappearance of soybeans for the Sept to November period were 949 mil. bu., up 1% from last year. These changes in stocks will have an effect on supply and demand. The carryin to the marketing year beginning Sept. 1, 2004, remains at 112 mil. bu., while the crop size is increased to 3.141 bil. bu. due to a 42.5 bu./acre average yield on 73.3 mil. acres. This level of carryin, production and imports of 5 million bu. gives a total supply of 3.258 bil. bu. The use pattern involves an increase in crush with a total of 1.660 bil. bu. Feed seed and industrial use are projected at 153 mil. bu., while exports are pegged at 1.01 bil. bu. Total use is now expected to be 2.823 bil. bu. and a ending stocks position of 435 mil. bu. This ending stocks level compared to use gives a ratio of 15.4. The USDA forecast for soybean prices is thought to be \$4.75 - \$5.45/ bu. Using an Excel spreadsheet this data gives a fundamental forecast of \$5.40 per bu., while the futures forecast is \$5.40/ bu. Other features of the grain stocks report were increases of wheat stocks which will increase the endings stocks to 583 mil. bu. Hard red spring wheat stocks are reported at yearend at 166 mil. bu. The grain stocks report was expected to be 1.425 bil. bu. Wheat prices are projected at \$3.25 - \$3.45 for all wheat classes. Durum wheat, barley and oats stocks are also higher. It appears that world stocks of coarse grains and oilseeds are also higher. The trade expectations for corn was 9.29 bil. bu, soybeans were expected to be 2.313 bil. bu., and wheat stocks were expected to be 1.425 bil. bu. This higher levels of corn at 9.45 bil. bu. will decrease prices; soybeans at 2.3 bil. bu. were slightly lower and wheat stocks at 1.43 bil. bu. were about the same.

(Ward Nefstead, Assoc. Prof. & Ext. Economist, Dept of Applied Economics, U of Minnesota)

DECEMBER MILK OUTPUT DOWN 2% IN MINNESOTA

Totaling 679 million pounds, the state's December milk production was down 2% from December 2003.

Output per cow was 1,475 pounds in December, down 10 pounds from last December. Milk cows for December averaged 460,000 head, the same as November, but down 5,000 head from a year ago.

December 2004 milk output in the 20 major states was 12.43 billion pounds, up 1 percent from December 2003. Milk cows in the 20 states averaged 7.76 million head, up 47,000 from the previous year. At 1,602 pounds, production per cow was 6 pounds greater than December 2003.

NOVEMBER/DECEMBER 2004 MILK STATS

State	Milk Production		Percent of Previous Year	
	Nov.	Dec.	Nov.	Dec.
	Million Lbs.		Percent	
California	2,960	3,090	105	105
Idaho	746	774	104	104
Minnesota	639	679	99	98
New York	911	959	98	99
Pennsylvania	799	842	101	101
Wisconsin	1,750	1,842	99	99
20 States	11,851	12,432	101	101

U.S. TURKEYS RAISED IN 2004 DOWN 4 PERCENT FROM 2003

Turkeys raised in the United States during 2004 totaled 264 million birds, down 4% from the 274 million raised in 2003.

Minnesota ranked first in the number raised with 46.5 million, followed by North Carolina with 39.0 million, Arkansas with 28.5 million, Missouri with 21.5 million, Virginia with 19.7 million, California with 15.7 million, and Indiana with 13.3 million. These States accounted for 70 percent of the turkeys produced in the United States during 2004.

TURKEYS RAISED - SELECTED STATES		
State	Thousand Head 2004	2004 as % of 2003
AR	28,500	95
CA	15,700	91
IA	9,000	106
IN	13,300	104
MN	46,500	103
MO	21,500	91
NC	39,000	92
ND	1,000	77
PA	12,000	126
SC	12,000	100
SD	4,500	98
VA	19,700	86
Oth. Sts	41,507	92
U.S.	264,207	96

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